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CONTACT: Steve Maviglio
916/445-4571

GOVERNOR DAVIS CONGRATULATES SEC, NYSE, OTHERS ON GLOBAL SETTLEMENT

California Will Receive$40 Million

SACRAMENTO – Governor Gray Davis today congratulated the Securities and Exchange Commission, the New York State Attorney General's Office, the New York Stock Exchange, the NASD and the North American Securities Administrators Association for the announcement of a global settlement that will conclude most of the investigations concerning the conflict of interest in Wall Street analyst research. The State of California is expected to receive approximately $40 million from the settlement.

"As a result of this collaborative effort between federal and state regulators, the individual investor can be a lot more confident about the advice that he or she is receiving from a Wall Street firm," Gov. Davis said. "The analyst conflict of interest is only one of many examples of the need to give consumers more access to financial information."

The documents that have been signed by federal regulators and Wall Street firms will now be sent to the states, including California, for their approval. The settlement includes structural changes such as the separation of research and investment banking as well as $1.4 billion in penalties to be paid by the Wall Street firms.

"This global settlement will help fund the financial education and consumer protection program that Governor Davis had the foresight to put in his budget last year," California Corporations Commissioner Demetrios A. Boutris said.

Deutsche Bank was not among the 10 firms included in today's announcement. The Department's discovery that Deutsche Bank had not been turning over the documents subpoenaed as part of the Department's analyst conflict investigation kept the firm from settling with any of the regulators. The Department is leading a multi-state effort to cull through hundreds of thousands of emails to see whether Deutsche Bank was publicly touting stocks that their analysts were privately disparaging in order to win investment business at the expense of individual investors.

For more information, please visit the Web site of the Securities and Exchange Commission at www.sec.gov.

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